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DDS&T-3694-79/1

14 August 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : Leslie C. Dirks
Deputy Director for Science and Technology

SUBJECT : STAP Recommendations for CIA R&D Plans [] 25X1

REFERENCE : Your memo subj. same as above
dtd 16 Jul 79 (ER-79-1632/1)

1. We have taken a long and careful look at the six STAP recommendations offered in the reference; attached are our detailed comments on each of these. There are a few points I would like to make here, however, about both the Recommendations and our comments. [] 25X1

2. More effective long-range planning appears to be a thread running through most of the STAP recommendations. You and I, along with the other members of the Executive Committee, have had a number of discussions on long-range Agency planning. A number of the STAP recommendations are intimately connected with the Executive Committee's concern about the Agency's ability to do meaningful long-range planning. It is entirely appropriate that the NFAC take the lead in this and your action assignment to John Hicks early this summer could (should?) be the basis from which to proceed. I have felt uncomfortable for some time now about this Directorate's long-range planning and have recently taken both organizational and emphasis actions to enhance our posture in the planning area. By nature of our work, however, we should be formulating our long-range plans in consonance with the Agency's, if such plans existed. [] 25X1

3. For your information, I began last spring several activities which have now led to substantial changes in how the S&T will manage R&D in the future. I will be glad to discuss these with you and in conjunction with [] 25X1

tentatively plan for an overview with the EC. [] 25X1

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4. The STAP has made an effort to form a consensus of various views about the CIA R&D program to which they were exposed by an assortment of participants. It is difficult for most of the contributors to the R&D planning process to perceive the overall nature of the planning effort in which they are involved. A number of points are made in the attached comments that I believe present a more balanced view of the R&D planning process.

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25X1 5. We will be happy to discuss these comments further if you desire.

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Leslie C. Dirks

Attachment:

As stated

cc: Comptroller

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Recommendation 1: That an annual long-range R&D "posture statement" be prepared by the DDS&T, to include a description and rationale for the overall Agency program. Such a posture statement, analogous to that now prepared by DoD, should include a section on long-range intelligence problems by NFAC, the R&D needs of the other user offices, and a descriptive section on the purpose and status of major R&D programs, including those aimed at satisfying major Agency intelligence objectives, such as improved intelligence production or secure agent communications. Some attempt also should be made to provide a more integrated rationale for the various support-related R&D programs (e.g., for DDO, DDA, and NPIC) in terms of the Agency's overall intelligence objectives.

Comment: The STAP recommendation is basically sound but some background is helpful. As the STAP recognizes, we are making progress to improve the management of R&D. In addition to the R&D Notebook discussed by the Panel a number of other items are used in the R&D planning phase of R&D management. For the past several years, this Directorate has received, at our request, problem statements (on which R&D might be brought to bear) from NFAC, the DDO, the DDA, [redacted] and NPIC elements of the S&T Directorate. These are reviewed by our R&D Offices and specific candidate proposals prepared to attack most of those problems. The proposals are then sent back to the organization authoring the problem for review, comment, and rating. Discussion sessions are held between the parties, usually hosted by the S&T's Planning and Resources Staff, to further clarify both problems and proposals. The results of this activity are made available to DDS&T, his staff, and his Office Directors to aid them in putting together the R&D program for each budget year.

Although we have improved the mechanism for creating the Agency R&D program over the past several years, we have not tried to reduce to text our overall R&D posture. This is perhaps an opportune time to do so and we will. It must be noted, however, that when we do so it is essential that it receive a valid hearing, preferably as a part of the annual budget preparation process. For the posture statement to have real meaning and be useful for Agency executives to consider, it should not be a stand alone R&D Posture Statement but rather an integral part of the Agency's Posture. It will be without a context otherwise. The DDS&T strongly recommends that each element of the CIAP (production, technical collection, human source collection, support), as well as R&D, generate a posture statement and that a similar overall CIA Posture Statement be prepared for the Agency.

Recommendation 2: Within the NFAC, DDO, and DDS&T grouping, NFAC should play a lead role in establishing long-range functional intelligence needs that would require R&D support rather than having developments in collection technology drive the system. In fulfilling this role NFAC should establish a small but dedicated effort to develop, on a continuing basis, an intelligence "future" made up of the most important intelligence problems and objectives that the CIA might be expected to face over the next three to ten year period. The primary objective of this effort would be long-range Agency planning. Such an effort could be handled by a few project officers plus analytical contributions from the various NFAC offices and the other R&D consumers.

Comment: We could not agree more with statement of need for "long-range Agency planning." It is broader than R&D planning, of course. Two points should be made about this recommendation. The first concerns the suggested NFAC role. As discussed above, we have taken what steps we can in conjunction with our Agency R&D "customers" to better our R&D planning. Worth noting is that we do have a formal effort underway in which the intelligence problems we are soliciting from the NFAC this year are specifically identified as those on which Agency R&D might be brought to bear and are specifically long-range problems. We have asked NFAC to think in terms of five years as to when R&D might produce intelligence elicited by the problem statements. We have also asked NFAC for a separate list of near term intelligence problems which might be amenable to application of in-hand technology. NFAC has a section of their Requirements and Evaluation Staff largely dedicated to stating their intelligence problems to us. Also earlier this year, the DD/NFAC has established a study committee of NFAC Deputy OD's to review NFAC requirements.

We try to work equally close with our other R&D customers, especially the Operations Directorate. Although NFAC is the ultimate Agency consumer of intelligence, they are not the only immediate beneficiary of R&D. We have found it much more workable over the years to decouple the R&D for HUMINT (agent aids) from R&D to immediately benefit the NFAC (technical collection systems). The R&D support we give to HUMINT is dominated by the DDO's operational needs, not generally known by the NFAC and of little direct interest to them, rather than dominated by the content of the intelligence collected by HUMINT means.

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Att. to DDS&T-3694-79/

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Our second point concerns the relationship between Agency and R&D planning. The long-range Agency planning recommendation must look at total intelligence problems and provide for the identification of all areas in which progress should be made to fulfill the Agency long-range plan. A number of other areas besides R&D could be identified by such an effort such as specific types of agent recruitments, [redacted]

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[redacted] a different tasking set up for existing collectors, etc. R&D is just one of the many organizational assets that can be brought to bear on intelligence problems and it makes little sense to segregate R&D planning from the necessary overall planning that should be accomplished.

As a result of S&T's participation in long-range Agency planning, funds would be programmed for a particular R&D effort as part of the attack on a specific long-range intelligence problem.

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Recommendation 3: The Agency Comptroller should seek to have OMB treat Agency R&D funds as a separate multi-year appropriation or, if this is not possible, seek a formulation by which Agency R&D funds for large, long-range R&D projects can be budgeted on a multiple-year cycle along the same line as that used by elements of DoD. This approach should serve to both highlight important R&D commitments over the long term and relieve internal pressures to further reduce an already sparse R&D effort as the result of R&D planning by residual allocation.

Comment: This recommendation addresses only a part of a much larger management problem. That is, how do we fund and provide the flexibility to manage large multi-year programs within the CIAP. The DDS&T could strongly endorse some method whereby large multi-year projects receive proper funding. By "proper" we mean funds that have the necessary flexibility associated with them to be judiciously used by the Program Manager without undue constraints imposed by the calendar. One option that should be considered would have the Agency seek an amount of multi-year funds to pursue several large (and not just R&D) projects each of which would be high-visibility projects and specifically identified. Projects that should be candidates for such funds

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[REDACTED] As the Office of the Comptroller has pointed out, the handling of multi-year funds may require some accounting system changes for CIAP funds. We believe the issue of multi-year funding for our largest projects--in order to better manage them--should not be decided on the basis of accounting problems or the specter of acquainting a "Washington Community" with this approach. It may very well be that the required accounting changes are few when multi-year funds are sought for only a few (although large) projects.

The Department of Defense began using project-oriented multi-year funding some time ago in the belief that proper management of large R&D efforts required a funding structure free of the rigid constraints of the calendar. With the CIAP budget being formulated against a somewhat arbitrary ceiling each year, we do not have the fiscal flexibility to respond to large unforeseen development problems by reprogramming within the CIAP without doing serious harm to other projects and elements funded by that particular year's budget. When smaller projects are considered, the annual constraint is not a problem. As has been pointed out

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by both [] and the STAP, there is a welcome flexibility in having a single appropriation for the entire Agency budget but, unfortunately, that flexibility is not there for large projects and particularly for large R&D projects where unforeseen development difficulties can create large financial problems.

We recommend that a study be conducted to constructively explore ways by which large CIA multi-year projects can be funded. What is required here is not only a) the mechanism for obtaining such funds but also b) flexibility for both large and small projects in managing their respective monies.

Recommendation 4: The Agency (DDS&T) must consciously develop a new technology acquisition strategy, one recognizing the contemporary capabilities and limitations of CIA. Some form of a technology transfer strategy seems most appropriate (as opposed to past practices of seeding, Agency innovation, and outright funding). The establishment of a dedicated Agency effort to identify other government and private sector technology that can be applied to identified needs would be a first step. The Agency should actively follow such R&D efforts by other government organizations through the IR&DC. The use of high-level Agency access to the private sector as a means of maintaining currency in areas of technological interests should be systematically pursued. In addition, Agency management should seek to designate certain of its R&D projects as Community efforts (e.g., analytical techniques and collection efforts that satisfy DIA and Service needs as well as CIA's). In those cases provision should be made to pool all relevant IC R&D funds under the management of a designated lead agency.

Comment: The Agency does utilize the IR&DC mechanism as one means of sharing technology. Further, many of our technical and managerial personnel maintain good, although informal, technical contacts with colleagues elsewhere in government and in industry. We also employ capabilities briefings by industry for our R&D offices. By way of a concerted effort to enhance technology transfer we have been moving to realign a portion of our capabilities to provide the means of doing this for both the hard and soft sciences and their applications. It is one of our objectives to develop in-house technologists having a variety of specialization areas. There is significant change in the personnel area required to achieve this. The

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technologists we are seeking must be those types of people willing to spend their time maintaining expertise on their subjects and not have their attentions drawn off in pursuit of one or two glamorous application projects. ORD/DDS&T has a specific charge in this regard. This entails quite a different personality from our typical very-project-oriented technical personnel. The organization of this Directorate may have to be changed to foster the establishment and best use of these technologists. The technologists will need to develop contacts both inside and outside CIA to function well. Until we can set up this group we are bound by ongoing commitments to continue our present approach. As in any highly people-oriented endeavor, these types of changes take time to be effective and we are taking steps toward accomplishing them.

With regard to the community implications of our R&D we have recently made an offer to the Human Resources Committee of the Collection Tasking Staff to have CIA/DDS&T be the Community Focal Point for R&D in support of HUMINT activities.

Recommendation 5: In order to optimize allocation of limited R&D funds, the Agency's upper management should selectively identify and support development of any major new multidisciplinary intelligence processes, particularly, those requiring simultaneous R&D in collection, analysis, and production means. The CIA Executive Committee should look closely at such needs and related R&D projects, with the participation of appropriate CIA offices and R&D groups.

Comment: We have difficulty supporting the recommendation as offered. The idea of supporting "any major new multidisciplinary intelligence process" with caveats as stated could only be done in the competitive environment of our budget and unfunded requirements activities. The potential value of any new undertaking to the Agency's mission must be weighed against the values of all of the rest of the candidates for support.

We hope that the identification of these potentially attractive multidisciplinary items will be a feature of long-range Agency planning which we support. This planning must be multidirectorate in nature and present a natural avenue for these new processes to be developed and/or receive a proper consideration. Regardless of the outcome of the long-range planning recommendation (discussed under item 2 above) this Directorate will remain alert for such ideas and support them insofar as we are able.

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Recommendation 6: NFAC should prepare a short list of major policy-issue consumer needs operative 5-15 years in the future which are not likely to be met adequately by current analytical and production approaches. If prepared properly, the list would identify upcoming production problems, particularly those which cut across or fall between the division of labor among analytical offices. Production R&D itself should concentrate on a small number of such problems through projects of 3 to 5 years duration. The choice of production R&D projects, data access determination, and project continuity should rest outside the jurisdiction of offices with strong commitments to current production approaches and divisions of analytic effort. The relationship between the future needs list and the small group of production-related R&D projects would be analogous to that of long-range corporate planning and a corporation's operating plan. A yearly review of both would be required to insure their currency and relevance to the Agency's intelligence objectives; a function that the Executive Committee might perform.

Comment: Here again we see good planning for Production R&D to be another facet of good long-range planning at the Agency level. We do support the methodology recommended for NFAC to pursue. It is worth stating here that we have a commitment from NFAC to provide a top level (DD/NFAC level) review and ranking of the long and short range intelligence problems (both collection and production). Our proposed solutions to those problems will be similarly ranked. We will use this information heavily in the formulation of our R&D program for FY 1982 and the degree of top level support for production R&D projects hopefully will be made clear.

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